

VZCZCXRO9840

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DE RUEHVB #0103/01 0541314
ZNR UUUUU ZZH
P 231314Z FEB 09
FM AMEMBASSY ZAGREB
TO RUEHC/SECSTATE WASHDC PRIORITY 9028
INFO RUEHZL/EUROPEAN POLITICAL COLLECTIVE PRIORITY

UNCLAS SECTION 01 OF 02 ZAGREB 000103

SIPDIS

DEPARTMENT FOR EUR/SCE, OES/EGC, OES/PCI, AND
EEB/ESC/IEC/ENR

E.O. 12958: N/A

TAGS: [ECON](#) [ENRG](#) [PGOV](#) [KGHG](#) [HR](#)

SUBJECT: UNDP 2008 HUMAN DEVT REPORT: CLIMATE CHANGE AND
ITS IMPACTS ON SOCIETY AND ECONOMY IN CROATIA

¶1. Summary: On February 16, UNDP released its 2008 Human Development Report for Croatia, which analyzes the links between climate change, the economy, and human development. While expected warmer temperatures could have good or bad effects on tourism in Croatia, rising sea-levels and increased frequency in droughts and other severe weather events will have mostly negative effects on the country and its economy. The report estimates that significant emissions reductions can be achieved through cost-saving and cost-neutral measures. Implementing a fuller range of options to bring emissions to 30 percent below 1990 levels by 2020, however, could cost EUR 115-536 million per year. A key strength for Croatia as it works to meet the challenges of climate change is overwhelming public support for taking action to reduce emissions. End summary.

¶2. On February 16, UNDP released its 2008 Human Development Report for Croatia, which for the first time analyzes the links between climate change, the economy, and human development. Speaking at the release event, UNDP Resident Representative in Croatia Yuri Afaniasiev said the report was not intended to preach doom or inspire fear. He said that while analysis indicates climate change likely poses serious threats to human development in Croatia, it also has potential to bring some beneficial opportunities. He said strong public support for actions to counter climate change also will help Croatia rise to the challenges it may face. In his remarks at the event, President Mesic said now is the time to act to mitigate climate change, and the economic crisis should not be used as an excuse for delay.

Strong Public Support for Action on Climate Change

¶3. The report included the first ever comprehensive survey on public attitudes toward climate change in Croatia. The findings indicate 96 percent of Croatians believe climate change is a problem, and most say a serious problem. Croatians overwhelmingly believe the country should do as much as (37 percent) or more than (54 percent) developed countries in reducing emissions. Nearly 70 percent of respondents said they were willing to pay more for electricity that does not emit greenhouse gases, compared to 44 percent across the EU.

A Warmer Croatia: Bad or Good for Tourism?

¶4. During the 20th century, Croatia experienced decreasing precipitation and increasing temperatures. Climate models indicate this trend of a drier, hotter Croatia will continue. The trend will likely affect tourism, Croatia's key industry. The report cites long-term projections that hotter temperatures along the Adriatic Coast will prompt tourists to opt for cooler destinations in the north, which could have serious adverse effects on coastal communities and even the

national economy. The report also notes, however, that warmer temperatures could alternatively have a positive effect on tourism by lengthening the tourist season or creating two seasons, in spring and autumn.

Coastal Flooding and Inland Droughts

¶15. With its many miles of coastline and numerous islands, Croatia may face significant vulnerability to sea-level rise. According to rudimentary analysis in the report, a rise of 50 cm would submerge over 100 square kilometers of land, while a rise of 88 cm would submerge over 112 million square kilometers. The report notes that any rise will be gradual, so there is time to develop the best mitigation measures for specific locations. Climate change could also lead to more droughts in Croatia. Initial projections indicate that resulting decreases in river flow could cause a loss of EUR 17-86 million per year from hydropower losses alone, with multiplier effects throughout the economy. The findings in the report suggest agriculture will suffer the most severe impacts of climate change, as weather-related disasters increase in frequency in Croatia, as throughout the world. Already in 2000-2007, extreme weather events resulted in average losses for Croatian agriculture of EUR 176 million per year, or 0.6 percent of GDP.

Mitigation Costs: From Small Economic Benefit to Big Costs

¶16. The report says many "no regrets" mitigation measures (mostly related to energy efficiency) would actually save money and benefit the economy. Many other measures would be

ZAGREB 00000103 002 OF 002

cost-neutral or cost relatively small amounts. The report estimates Croatia could stabilize emissions at about 30 million tons with a slight economic benefit due to energy savings. At the other extreme, Croatia theoretically could reduce emissions 30 percent below baseline 1990 levels of 36 million tons by 2020, but at a cost of EUR 115-536 million per year.

Comment

¶17. Although the current economic crisis may somewhat dampen enthusiasm, the strong public support for climate change mitigation shown in this survey should be welcome news for the GOC. With this message of support, as well as indications of possible dire consequences, this report is well timed as the parliament deliberates over a national energy strategy with very ambitious renewable energy goals.

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